

Form 3160-3  
(August 2007)

OCD-HOBBS RECEIVED

JUN 09 2010

FORM APPROVED  
OMB No. 1004-0137  
Expires July 31, 2010

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

HOBBSOCD

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. NM 26692
1b. Type of Well: <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name
2. Name of Operator Fasken Oil and Ranch, Ltd.		7. If Unit or CA Agreement, Name and No.
3a. Address 303 W. Wall St., Ste. 1800 Midland, TX 79701		8. Lease Name and Well No. <b>&lt;22213&gt;</b> Federal "26A" No. 4
3b. Phone No. (include area code) 432-687-1777		9. API Well No. <b>30-025-39809</b>
4. Location of Well (Report location clearly and in accordance with any State requirements *) At surface 1525' FSL & 300' FEL <b>Unit I</b> At proposed prod. zone 1525' FSL & 300' FEL		10. Field and Pool, or Exploratory EK; Delaware <b>&lt;21655&gt;</b>
11. Sec., T. R. M. or Blk. and Survey or Area Sec. 26, T18S, R33E		12. County or Parish Lea
13. State NM		14. Distance in miles and direction from nearest town or post office* 12 miles North Northwest from Halfway.
15. Distance from proposed* location to nearest property or lease line, ft (Also to nearest drig. unit line, if any) 300'	16. No. of acres in lease 240	17. Spacing Unit dedicated to this well 40 Acres, NE/4, SE/4
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft 1037'	19. Proposed Depth <del>6300'</del> , per drilling plan 6000'	20. BLM/BIA Bond No. on file NM 2729 Statewide Bond
21. Elevations (Show whether DF, KDB, RT, GL, etc.) 3827' GL	22. Approximate date work will start* 06/16/2010	23. Estimated duration 20 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

- |   |   |
|---|---|
| 1. Well plat certified by a registered surveyor.  | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.   | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office) | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature <i>Kim Tyson</i>	Name (Printed/Typed) Kim Tyson	Date 03/31/2010
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Title

Regulatory Analyst

Approved by (Signature) <b>/s/ Don Peterson</b>	Name (Printed/Typed)	Date <b>JUN 7 2010</b>
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Title <b>FIELD MANAGER</b>	Office <b>CARLSBAD FIELD OFFICE</b>
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

**APPROVAL FOR TWO YEARS**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

\*(Instructions on page 2)

This application requires a NSL. The application for NSL is being prepared and will be submitted to the NMOCD.

Capitan Controlled Water Basin

OCD CONDITION OF APPROVAL for Drilling  
Intent to drill ONLY --- CANNOT produce until the Non-Standard  
Location has been approved by OCD Santa Fe office

Approval Subject to General Requirements  
& Special Stipulations Attached

JUN 29 2010

SEE ATTACHED FOR  
CONDITIONS OF APPROVAL

RECEIVED

JUN 09 2010

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

HOBBSOCD

Form C-102  
Revised October 15, 2009

Submit one copy to appropriate  
District Office

## OIL CONSERVATION DIVISION

1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number <b>30.025-39809</b>	Pool Code 21655	Pool Name EK; Delaware
Property Code <b>22213</b>	Property Name FEDERAL "26A"	Well Number 4
OGRID No. 151416	Operator Name FASKEN OIL AND RANCH, LTD	Elevation 3827'

## Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	26	18 S	33 E		1525	SOUTH	300	EAST	LEA

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Kim Tyson</i> 3-31-2010 Signature Date</p> <p>Kim Tyson Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>FEBRUARY 12 2010 Date Surveyed</p> <p><i>Gary L. Jones</i> Signature &amp; Seal of Professional Surveyor</p> <p>W. 22213 151416 Certificate No. Gary L. Jones 7977</p> <p>BASIN SURVEYS</p>
	<p><b>SURFACE LOCATION</b> Lat - N 32°42'56.09" Long - W 103°07'33.92" NMSPC- N 624785.704 E 758857.019 (NAD-83)</p>

# APPLICATION FOR PERMIT TO DRILL

Fasken Oil and Ranch, Ltd.

Federal "26-A" No. 4

1525' FSL & 300' FEL

Sec. 26, T18S, R33E

In conjunction with Form 3160-3, Application for Permit to Drill, Fasken Oil and Ranch, Ltd. submits the following items of pertinent information in accordance with Onshore Oil & Gas Order Nos. 1 & 2, and with all other applicable federal and state regulations.

1. The geologic surface formation is of Permian age. Ground elevation is 3827'.

2. Estimate tops of geologic markers are as follows:

Rustler	1550'
Salt	2750'
Base Salt	3050'
Yates	3400'
Queen	4300'
Penrose	4550'
San Andres	5150'
Bell Canyon	5350'
Cherry Canyon	5600'
TD	6000'

3. The estimated depths at which water, oil or gas formation are expected to be encountered:

Yates	3400'	Oil
San Andres	5150'	Oil
Bell Canyon	5350'	Oil
Cherry Canyon	5600'	Oil

\* Groundwater to be protected by 13-3/8" surface casing with cement circulated to the surface.

\*\* Potentially productive horizons to be protected by 5-1/2" production casing with cement tied back to 2500'.

4. Proposed Casing Program: All casing strings will new pipe. Minimum design safety factors are 1.0 for burst, 1.125 for collapse and 1.8 for tension on 8rd threaded pipe.

String	Footage	Hole Size	Casing Size	Weight	Grade	Thread
Surface	0'- 1000'	17-1/2"	13-3/8"	48.00#	H-40	ST&C
	1000'-1650'		13-3/8"	54.5#	J-55	ST&C
Intermediate	3100'	11"	8-5/8"	32.00#	J-55	LT&C
Production	6,000'	7-7/8"	5-1/2"	15.50#	K-55	LT&C
Tubing	5,800'		2-3/8"	4.60#	J-55	EUE 8 <sup>rd</sup>

5. Proposed Cementing Program:

Cement 13-3/8" casing lead with 600 sx Class "C" with 4% gel and 2% CaCl<sub>2</sub>, tail in with 350 sx Class "C" with 2% CaCl<sub>2</sub> (s.w. 14.8 ppg, yield 1.32 ft<sup>3</sup>/sx). Circulate cement to surface.

Cement 8-5/8" casing with 700 sx Halliburton Lite "C" with 15# salt and 1/8# Poly-E-Flake (12.6 ppg, yield 2.0 ft<sup>3</sup>/sx) plus 300 sx Class "C" with 1% CaCl<sub>2</sub> (s.w. 14.8 ppg, yield 1.34 ft<sup>3</sup>/sx). Circulate cement to surface.

Cement 5-1/2" production casing (resin coated and centralized through pay zones) with 675 sx "C" 50/50 Poz Plus with 0.4% LAP-1, 2.5 # salt, (s.w. 14.2 ppg, yield 1.31 ft<sup>3</sup>/sx). Calculate cement volume for TOC @ 2500'.

*See COA*

6. Pressure Control Equipment: See exhibit #5. Operator request variance and proposes to pressure test BOP stack ~~with rig pump to 1000 psig~~ prior to drilling out the 13-3/8" casing shoe. The 8-5/8" casing will be Hydrotested before drill out the shoe joint. Hydrotest will included testing the rams, choke line, choke manifold, upper and lower kelly valves and floor safety valves to 3000 psig high and 300 psig low. The annular preventor will be hydrotested to 3000 psig high and 300 psig low. Additional BOP Hydrotesting will be performed after any pressure seal is broken, following any BOP repair and at 30 day intervals.

7. Mud Program:

<u>Depth</u>	<u>Type</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Waterloss</u>
0-1650'	Fresh Water	8.5	40	N.C.
1650'-3100'	Brine Water	10.3	29	N.C.
3100'-5,350'	Fresh Water	8.5	28	N.C.
5,350'-6,000'	Fresh Water	8.5-8.7	36	15 cc

8. Auxiliary Equipment: Upper Kelly Cock, Full Opening Stabbing Valve, PVT.

9. Testing Logging and Coring Programs:

- DST's: None Expected
- Logging: 2-man Mudlogging unit from 3700' to T.D.
- Electric Logs: Platform Express with CNL-LDT, DIL-SFL, GR and Caliper.
- Coring: None anticipated

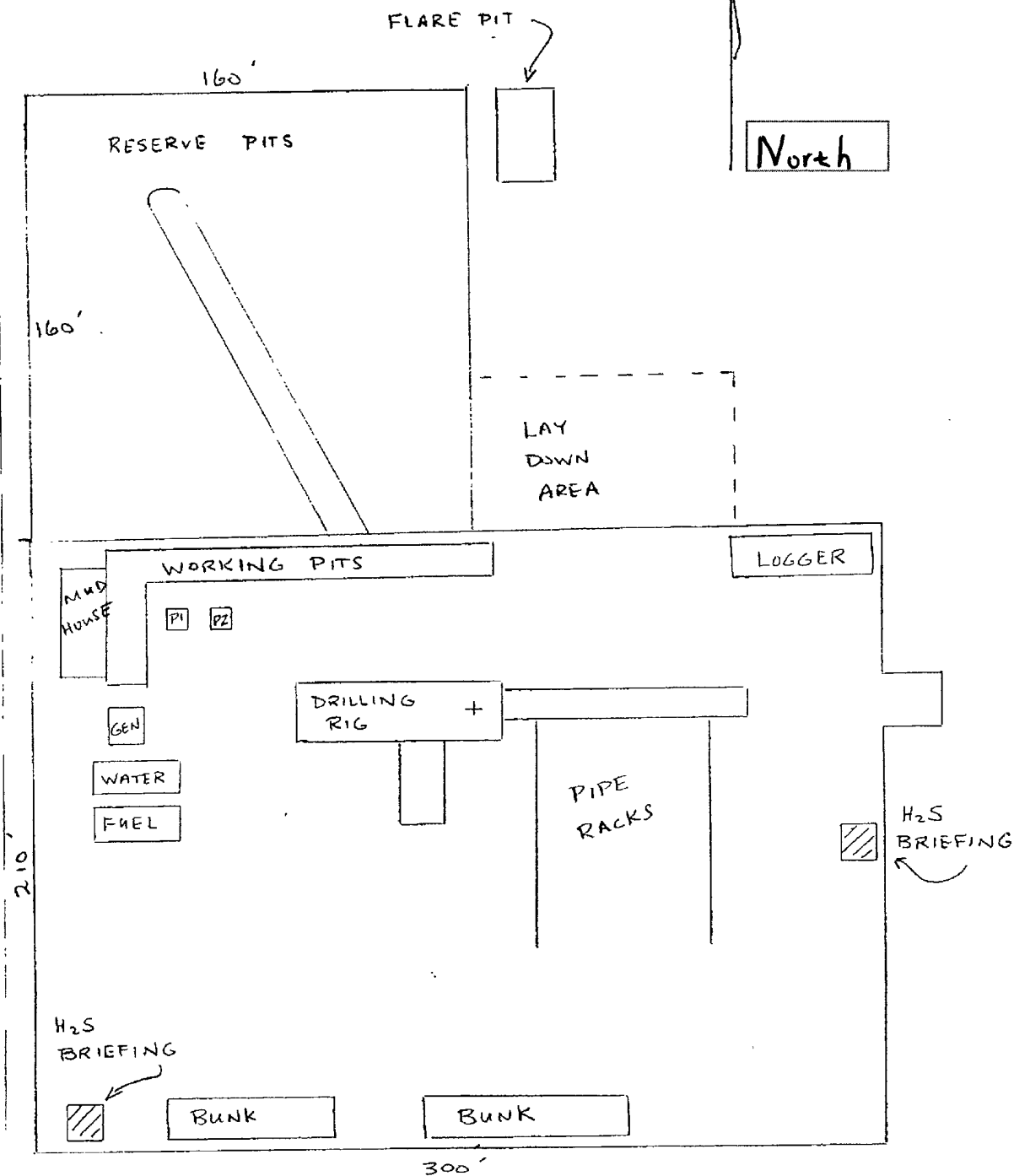
*See COA*

10. Abnormal Pressure, Temperatures or Other Hazards: No lost circulate is anticipated. Maximum bottomhole pressure is estimated to be 3000 psig based on offset well information.

11. Anticipated Starting Date: June 16, 2010

22-141 50 SHEETS  
22-142 100 SHEETS  
22-144 200 SHEETS

CAMP/AD



Fasken Oil and Ranch, Ltd.  
Exhibit #4  
Scale: 1" = 50'

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